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Japan

Frozen French Fries

Annual

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Report Highlights:

Japan's frozen french fry imports will remain roughly unchanged in 2000 at approximately \$270 million (CIF). Japan's fast food hamburger chains continue to drive demand, accounting for well over half of total sales. While the United States dominates the market with an 87 percent market share, double-digit gains in imports from Canada will continue in 2000 while U.S. fries are projected to decline 7 percent to 225,300 tons. Sales of french fries as a snack food have been growing rapidly at Japan's convenience stores. Japan's retail market for frozen french fries is relatively small, and most sales are private label.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Japan's frozen french fry (frozen potato) market is mature and very stable with annual imports of roughly \$270 million (CIF). Japan's fast food hamburger chains continue to drive demand, accounting for well over half of total sales.

While the United States dominates the market with a 87 percent market share, double-digit gains in imports from Canada will continue in 2000, while U.S. fries are projected to decline 7 percent to 225,300 tons. Sales of french fries as a snack food have been growing rapidly at Japan's convenience stores. Japan's retail market for frozen french fries is relatively small and most sales are private label.

Japan's Hamburger Shops Continue to Lead the Nation's Frozen French Fry Market

Fast food hamburger chains are the major users of frozen french fries, consuming approximately 70 percent of the nation's total frozen french fries, with McDonald's accounting for most fast food sales. McDonald's continues to expand operations in Japan, adding 300 - 400 outlets annually. Currently, its 3,400 stores nationwide consume nearly 120,000 metric tons of frozen french fries. McDonald's success is largely attributed to its low price strategy, with its 65 yen (\$0.60) hamburger introduced last year comparing favorably to hamburger prices at other chains (150 - 200 yen (\$1.38 - \$1.85) in Tokyo).

Canadian Frozen French Fries are Growing Rapidly in the Japanese Market

Though Canada plays a minor role in the Japanese frozen french fry market, imports from Canada continue to rise. Falling prices on Canadian product, from \$1.06 per kilogram (CIF) in 1998 to \$0.91 in 2000 (through August), are fueling the rising demand. Imports from Canada are expected to jump 16 percent in 2000 to just over 36,000 tons, while U.S. fry imports are projected to decline 7 percent to 225,000 tons.

Japanese Convenience Stores Enhance its Sales with VAT French Fry Products

Japan's sales of "ready-to-eat" french fries through convenience stores are growing rapidly with more stores handling this type of product. The total disappearance of frozen french fries through this sector is estimated at 10,000 metric tons in 2000, according to industry sources. A new product called VAT (Value Added Type) french fry, which is easily prepared at the store premises in less than 2 minutes, offers top quality crispiness for a longer period. Lawson, Japan's second largest convenience stores, sells VAT french fry as a snack food through its over 7,000 shops nation wide. Lawson sells VAT fries at 150 yen (\$1.38) for a small bag of natural cut potatoes. Family Mart, Japan's number three convenience stores with 4,500 outlets nation wide has also joined this market. Jusco's Mini Stop (1,200 stores) and am/pm's 1,000 stores have started sales of "ready-to-eat" french fry snack potatoes.

Japan's Supermarkets Continue to Market Private Brand Frozen French Fries

Approximately 10 percent of Japan's total disappearance of frozen french fries is marketed through retail stores, the rest being consumed at the food service sector. Currently, private brand shoestring potatoes are sold at 270 yen (\$2.50) for a 450-gram polyethylene bag at Tokyo's supermarket, crinkle cut potatoes are 230 yen (\$2.12) for a 450-gram bag, and natural cut potatoes are 270 yen (\$2.50) for a 500-gram bag. During sales promotional week, crinkle cut potatoes were sold at 198 yen (\$1.83) for a 450-gram bag.

Import Duties for Frozen French Fry Continue to Decline

The applicable import duties are as follows:

TARIFF CODE (HS)	DESCRIPTION	DUTY RATE (%)	
		4/1/1999 - 3/31/2000	4/1/2000 - 3/31/2001
2004.10-100	cooked unprepared frozen potatoes	8.8%	8.5%
2004.10-220	cooked prepared frozen potatoes	9.6%	9.0%

All duties are charged on a CIF basis.

PS&D Tables and Trade Matrices

Per the Commodity Reporting Instructions, Post reports PS&D Tables on a calendar year basis.

Frozen French Fries PS&D Table

PSD Table						
Country	Japan					
Commodity	Frozen French Fries				(MT)(MT, Net Weight)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Deliv. To Processors	0	70000	0	70000	0	70000
Beginning Stocks	0	0	0	0	0	0
Production	32000	31480	0	31000	0	29500
Imports	290000	273908	0	265000	0	270000
TOTAL SUPPLY	322000	305388	0	296000	0	299500
Exports	0	0	0	0	0	0
Domestic Consumption	322000	305388	0	296000	0	299500
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	322000	305388	0	296000	0	299500

Frozen French Fries Import Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Frozen French Fries		
Time period	Jan. - Dec.	Units:	Metric Ton
Imports for:	1999		2000
U.S.	239124	U.S.	225300
Others		Others	
Canada	32166	Canada	36170
Netherlands	735	Netherlands	1330
Australia	574	New Zealand	750
Belgium	373	Belgium	650
New Zealand	312	China	410
China	285	Italy	380
Italy	179		
Total for Others	34624		39690
Others not Listed	160		10
Grand Total	273908		265000